

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 IO-12 NEA-10 NSAE-00 RSC-01

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TO SECSTATE WASHDC 9629

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TAGS: EFIN, OECD, NZ

SUBJECT, NEW ZEALAND ACCESSION TO OECD

REF: USOECD 13524

1. FOLLOWING TEXT CONCERNING NEW ZEALAND POSITION ON
OECD CODES FOR CAPITAL MOVEMENTS AND FOR CURRENT
INVISIBLE OPERATIONS IS QUOTED FROM STATEMENT MADE BY
NEW ZEALAND AMBASSADOR GABITES MAY 15 IN RESPONSE TO
OECD COUNCIL DECISION TO INVITE NEW ZEALAND TO JOIN OECD
(REFTEL). BEGIN TEXT:

I SHOULD LIKE TO SAY A FEW WORDS ABOUT NEW ZEALAND'S ATTITUDE
TO THE CODES OF LIBERALIZATION OF CURRENT INVISIBLE OPERATIONS
AND OF CAPITAL MOVEMENTS. AS WE SAY IN PARAGRAPH 6 OF OUR
STATEMENT,
NEW ZEALAND ENDORSES THE OBJECTIVES OF THE CODES AND ACCEPTS
THE RIGHTS, OBLIGATIONS AND COMMITMENTS ARISING FROM THEM.

WE HAVE HOWEVER, FOUND IT NECESSARY TO ENTER SEVERAL
RESERVATIONS.
THESE ARISE FROM THE PECULIAR CIRCUMSTANCES OF THE NEW ZEALAND
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ECONOMY, OUR POSITION AS A CAPITAL IMPORTING COUNTRY, AND ABOVE ALL, OUR HEAVY DEPENDENCE FOR FOREIGN EXCHANGE ON A FEW HIGHLY VOLATILE MARKETS FOR PRIMARY PRODUCTS.

I CAN SAY, NEVERTHELESS, THAT IN REVIEWING OUR PRACTICES AND POLICIES IN RECENT MONTHS, WE HAVE BEEN STRUCK BY THE EXTENT TO WHICH WE ALREADY CONFORM WITH THE LETTER AND THE SPIRIT OF THE CODES. MOREOVER, I CAN INFORM THE COUNCIL THAT IN OUR PREPARATORY WORK WE WERE ABLE TO MAKE OR PLAN A NUMBER OF ADJUSTMENTS TO BRING US MORE CLOSELY INTO LINE.

WE HAVE BEEN ASKED WHETHER THE RECENT IMPROVEMENT IN OUR BALANCE OF PAYMENTS SITUATION WOULD NOT PERMIT US TO DROP SOME OF OUR PROPOSED RESERVATIONS. HERE, I WOULD LIKE THE COUNCIL TO KNOW THAT THIS NEW SITUATION HAS IN FACT ALREADY ENABLED US TO WITHDRAW FROM CONSIDERATION A NUMBER OF POTENTIAL RESERVATIONS BEYOND THOSE FOR WHICH WE ARE SEEKING CONCURRENCE. NEVERTHELESS, GIVEN THAT WE SHALL CONTINUE FOR SOME TIME TO COME TO DEPEND OVERWHELMINGLY ON EXPORTS OF A LIMITED NUMBER OF PRIMARY COMMODITIES - DESPITE SIGNIFICANT AND SUCCESSFUL EFFORTS TO DIVERSIFY OUR ECONOMY - AND GIVEN ALSO THE UNCERTAINTIES OF INTERNATIONAL MARKETS, PARTICULARLY FOR WOOL AND DAIRY PRODUCTS, MY GOVERNMENT HAS FOUND IT NECESSARY TO MAINTAIN FOR THE TIME BEING THE MINIMAL RESERVATIONS LISTED IN THE DOCUMENT BEFORE YOU. IN THIS CONTEXT, I MIGHT, HOWEVER, MENTION-- AS EVIDENCE OF OUR WILLINGNESS TO ADAPT OUR POLICIES TO CHANGING SITUATIONS- THAT JUST THREE DAYS AGO THE NEW ZEALAND MINISTER OF TRADE AND INDUSTRY ANNOUNCED THAT, IN VIEW OF THE IMPROVEMENT IN THE LEVEL OF OUR OFFICIAL RESERVES, THE GOVERNMENT HAD DECIDED THAT IT WILL NO LONGER INVOKE THE PROVISIONS OF ARTICLE XII OF THE GATT.

OUR RESERVATIONS ON CURRENT OPERATIONS LIE IN THE INSURANCE FIELD, WHERE THEY ARE SHARED TO A GREATER OF LESSER DEGREE WITH NEARLY ALL PRESENT MEMBERS, AND FOR THE ITEM A5, PATENTS, DESIGNS, TRADEMARKS AND INVENTIONS. IT WAS THIS LATTER, LIMITED RESERVATION WHICH PROVOKED MOST DISCUSSION AT THE INVISIBLES COMMITTEE. AS
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A RESULT OF THESE DISCUSSIONS, AN EXAMINATION OF OUR PRACTICES IN THIS FIELD IS BEING UNDERTAKEN WITH A VIEW TO LIBERALISING ADMINISTRATIVE POLICY CONSIDERABLY, OR, PREFERABLY, ELIMINATING ALTOGETHER THE NEED FOR THE RESERVATION. HOWEVER, AS ANY SUCH MOVE MIGHT HAVE

SOME REPERCUSSIONS ON OTHER DOMESTIC POLICIES OF THE NEW GOVERNMENT IN THE MANUFACTURING SECTOR, IT IS NOT POSSIBLE TO MOVE AS SWIFTLY AS WAS DONE IN THE CASE OF THE ADJUSTMENTS I MENTIONED EARLIER. I HAVE ALSO BEEN INFORMED THAT WE EXPECT TO ANNOUNCE SHORTLY THE FORMAL ADJUSTMENTS, NOTED IN PARAGRAPH 26 OF THE SECRETARIAT'S REPORT C(73)60, WHICH ARE NEEDED TO BRING EXISTING ADMINISTRATIVE ARRANGEMENTS ON TOURISM FULLY INTO LINE WITH THE CODE.

WE SEE A CONTINUING NEED FOR THE IMPORTED CAPITAL WHICH HAS PLAYED A KEY ROLE IN OUR ECONOMIC DEVELOPMENT AND WHICH WILL CONTINUE TO DO SO IN THE FORESEEABLE FUTURE. DESPITE THE SAFEGUARDS WHICH WE WISH TO MAINTAIN, WE SHALL CONTINUE IN OUR LIBERAL ATTITUDE TO CAPITAL INFLOWS, CONSISTENT WITH THE SPIRIT OF THE CODES. WE DO NOT NECESSARILY REGARD OUR RESERVATIONS AS IRREVOCABLE, BUT WE DO FEEL THE NEED TO MAINTAIN SUPERVISION OVER CAPITAL INFLOWS TO PROTECT THE NATIONAL INTEREST.

WE INTEND TO EXAMINE REGULARLY THE NEED TO MAINTAIN OUR RESERVATIONS AND WILL BE PLEASED TO PROVIDE INFORMATION TO THE ORGANIZATION AND TO CONSULT WITH IT REGARDING OUR POLICIES AND PRACTICES. END TEXT.

2. STATEMENT REFERRED TO IN FIRST PARA OF TEXT IS CONTAINED IN ANNEX II TO OECD DOCUMENT C(73)70.

BROWN

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